



GARY R. HERBERT
Governor

GREGORY S. BELL
Lieutenant Governor

State of Utah

DEPARTMENT OF NATURAL RESOURCES

MICHAEL R. STYLER
Executive Director

Division of Oil, Gas and Mining

JOHN R. BAZA
Division Director

March 5, 2012

Certified Return Receipt
7011 0110 0001 3568 3094

Vern Tharp
Moss Rock Products, LLC
5040 Acoma Street
Denver, Colorado 80126

Subject: Division Directive to Resolve Onsite and Permitting Issues, Moss Rock Products, LLC, Klingon Rock Operations, S/049/0060, Utah County, Utah

Dear Mr. Tharp:

On November 16, 2009, the Division of Oil, gas and Mining sent you a letter regarding several issues with the Klingon Mine and the outstanding past due permit fees and fine for Cessation Order MC07-01-15. In summary, this letter stated that:

1. **Civil penalty.** The final assessed civil penalty \$1,430 for the referenced cessation order was to be remitted by December 16, 2009. Failure to do so could result in the Division turning this over to the State Attorney General's Office for collection (which could result in additional costs/penalties).
2. **Permit fees.** Authorization to continue mining operations was withdrawn, for failure to remit the annual permit fees for 2008 and 2009, subject to filing an appeal before the Board of Oil, Gas and Mining by December 14, 2009. The Division did not receive an appeal; the past due permit fees have not been paid and are still due.
3. **Reclamation.** Reclamation of the Klingon Mine was to be completed by December 14, 2009, and failing to complete reclamation by this date would result in the Division seeking forfeiture of the reclamation surety. The Division would also request an order from the Board of Oil, Gas and Mining for the Division to conduct reclamation. With approval from the Board, the Division would also bring a civil action to recover the costs and expenses of reclamation, together with the costs of collection, including attorneys' fees.
4. **Responsibility.** The letter also said the Division understood you had recently sold the property but that the sale did not negate your responsibility to complete reclamation. The permit has not been transferred to the new owner of the property.



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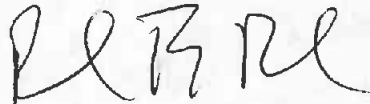
If the Board of Oil, Gas and Mining forfeits the reclamation surety and orders the Division to reclaim the site, you would be held responsible for all reclamation costs as well as attorney fees and other costs which can be substantial. Most mine operators are able to complete reclamation at significantly less cost than the Division, so it is advisable for you to do the reclamation work. This case has been referred to the Utah State Attorney General's office for additional action but has been delayed because of other priorities. Be assured, though, the Division intends to follow through with this issue.

To avoid additional costs, it is expedient that you resolve these issues before the Division files a Notice of Agency Action before the Board. We ask that you remit the past due permit fees (\$300.00) and the civil penalty of \$1430 for cessation order MC07-01-15 before the end of business on March 30, 2012. Reclamation of the site needs to be completed as soon as possible to avoid this issue going to the Board. Also by March 30, 2012, please provide a reclamation schedule.

Failure to meet this deadline would escalate the importance of this case and advance it more quickly to a hearing before the Board to forfeit the surety and order reclamation of the site. This would be more costly and time consuming than resolving the issues now.

If you have questions or concerns regarding this letter, please contact me at 801-538-5261 or Lynn Kunzler at 801-538-5310. Thank you for your help in completing these important regulatory requirements.

Sincerely,

A handwritten signature in black ink, appearing to read 'PBB', is written over the typed name.

Paul B. Baker
Minerals Program Manager

PBB:lk.pb

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